

## PARKING CASH-OUT

### What is Parking Cash-Out?

Parking Cash-Out is a program through which employers can offer their employees the choice between a subsidized parking space, and cash. For example, if a company leases a parking space for \$100 monthly, an employee can be offered the choice between using the space regularly, or \$100 cash. In return, the employer can then ‘unlease’ the space or use it for some other purpose, such as customer or vanpool parking.

Employers can further enhance the Parking Cash-Out program by offering employees a transit pass, plus the difference between the cost of a pass and parking space, in cash. If a leased cost of a parking space is \$100 monthly, the employee can provide a bus pass worth \$65 and \$35 cash, to the employee who foregoes the use of the space. This creates a tax benefit for both the employee and the employer, since a transit pass is a non-taxable benefit.

### What are the benefits of Parking Cash-Out?

#### *To Employers:*

- offers a way to encourage high occupancy vehicle (HOV) commuting to the worksite;
- reduces the cost of leased parking spaces;
- can make more existing spaces available for clients and visitors to park in, possibly even leading to an increase in business;
- helps employers attain or maintain CTR goals.

#### *To Employees:*

- gives employees a choice between transit passes, cash or paid parking;
- provides funds to pay for a choice of subsidized commute options;
- offers added monthly “income,” significant in areas with high parking costs;
- employees using the cash transportation allowance can keep any cash left over.

### How does Parking Cash-Out help meet CTR goals?

With Parking Cash-Out, employees are rewarded for using alternative commuting modes. Giving employees a choice may result in fewer single occupancy vehicles (SOV) travelling daily to the worksite, making it easier for CTR-affected employers to attain and maintain CTR goals.

(more)

## **What are favorable conditions for Parking Cash-Out?**

*Parking Cash-Out is most successful when:*

- a company pays for and controls worksite parking, i.e. leases parking in its building or a nearby parking lot;
- a parking space has a significant market value (greater than \$5 per day or \$50 per month);
- a business needs more parking for employees and customers, and is limited in the available number of spaces it can use;
- a company is faced with the decision of leasing or building more parking;
- an employer can separate or unbundle the cost of parking from space rent;
- an employer wants to add to or increase their range of alternative commute incentives to employees.

## **How much does Parking Cash-Out cost?**

Parking Cash-Out usually results in no increase in costs over the amount that is already being spent on subsidized employee parking. When employees accept the cash-out and stop using subsidized parking spaces, an employer can stop leasing and paying for the spaces. Or, an employer can use the spaces for revenue-generating opportunities, by providing those spaces for customers.

## **Answers to commonly asked questions:**

***Q. How is a Parking Cash-out program set up?***

**A.** Employers can use existing payroll systems to either credit an employee's pay or issue a separate check in the amount of the cash-out.

***Q. Are there any restrictions on how the cash-out funds can be spent?***

**A.** Currently, there are no state or federal regulations. Employers can decide for themselves whether or not to place restrictions on the use of the funds. Creating restrictions, however, is not recommended, because of the potential of lowering the perceived value of Parking Cash-Out in the eyes of employees who want flexible commuting choices.

***Q. What if my company leases parking, and the commercial parking company won't allow a lease reduction? Or, maybe my business gets "free" parking as part of the building's rental package? Then what?***

**A.** Ideally, employers can reduce the number of spaces leased, and reduce the related leasing costs. However, if a parking company will not allow a lease reduction, the business may have to wait until the lease expires in order to renegotiate it. Companies that receive parking as part of their rent can contact the office space owner or manager to ask about "unbundling" these expenses. Suggest that the owner/manager rent the parking spaces to another tenant or to the public. (This may also help a company discover the market value of the parking spaces it is currently paying for.)